Technical Safety Authority of Saskatchewan

2011 Annual Report

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Message from the Board Chair

It is my pleasure to submit the first Annual Report of the newly established Technical Safety Authority of Saskatchewan (TSASK) as part of our accountability to industry, the Province and the people of Saskatchewan.

This report coincides with the one-year anniversary of the Technical Safety Authority of Saskatchewan and highlights some of the achievements that have occurred in such a short period of time.

As a Board of a newly formed company, our first priorities were to ensure that all obligations and duties imposed upon TSASK through *The Technical Safety Authority of Saskatchewan Act* and the Safety Standards Agreement had been accomplished. We also moved to ensure that necessary operational units with policies and procedures needed to ensure success were established. We are pleased to report that within that first year we have achieved successful completion of all legislated assignments. Further, we have established our own financial reporting system and worked with management on a Strategic Planning process. The Board has set priorities with respect to improvements in inspection frequency and customer service levels.

On behalf of the 2011 Board of Directors, I want to thank the management team for navigating the company forward from its inception, to become a company with a promising future built on the new initiatives identified in its strategic plan. I also want to recognize and thank the employees, customers, union and partners, that are working so hard to build a positive company.

Robert Schutzman – Chair of the Board

Message from the Chief Executive Officer

Having joined TSASK just after its formation, I spent considerable time during my initial months learning about the organization, and the views and ideas of its employees and external stakeholders. In recognition of our duties as a regulator, our success is dependent upon our employees; and as a result a top priority for me is to ensure a supportive working environment, one that is conducive to high morale and performance. This will enable us to attract and retain the necessary resources to administer the safety programs delegated to us by government.

As a delegated regulatory agency, we are in a unique and very accountable position. This privileged position reinforces the need to provide excellence in customer service while meeting the expectations from all of our stakeholders.

I am very proud of the development of TSASK's first Strategic Plan, one that was built from the ground up within TSASK. Our vision is to be recognized as a leader in safety programs, and as such, nurturing a high performing team is one of the strategic priorities identified by the Planning Team and reinforced by the Board of Directors.

In the past year TSASK began to implement steps to fulfill one of its strategic goals of enhancing customer service and establishing high service standards. Our plan is to receive feedback from our valued clients through ongoing consultation and surveys. This will guide our corporate processes to enhance service delivery in response to customer needs and concerns.

With respect to our other strategic priorities, first and foremost, we are committed to enhancing public safety. This is the mandate of our organization and what each of us strives for in all of our actions. We are committed to a client focused culture, always looking for ways to improve service levels and offering. We are committed to the ongoing personal and professional development of our people to ensure the highest level of competency in our service deliveries.

Inspiring and shaping excellence in public safety in Saskatchewan through our actions on regulated equipment is a tremendous responsibility. With strong Board leadership, a committed team, and effective and valuable industry relations, we can make a meaningful difference and achieve our vision.

Ken From – Chief Executive Officer

Corporate Overview

The Technical Safety Authority of Saskatchewan (TSASK or the Authority) is a not-for-profit organization which was established effective July 1, 2010 through the passing of The Technical Safety Authority of Saskatchewan Act.

Our Corporate Mandate

The Technical Safety Authority of Saskatchewan is responsible for the administration and enforcement of the following legislation on behalf of the government:

- ***The Boiler and Pressure Vessel Act, 1999***
- ***The Amusement Ride Safety Act***
- ***The Passenger and Freight Elevator Act***

The key objective of the Authority is to protect public safety by delivering services that lead to the safe manufacture, installation, maintenance, use and operation of technical products, equipment and systems. The Authority's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. Our professional team provides a full range of programs and services including:

- Licensing and permitting
- Assessing equipment designs
- Overseeing fabrication and installation
- Assessing and certifying company knowledge and quality practices
- Testing and certifying industry personnel
- Inspecting equipment
- Educating and informing
- Contributing to the advancement of safety standards
- Enforcing standards and legislation
- Investigating reported incidents

These services are provided to individuals and organizations that design, manufacture, install, operate and own the technical equipment within our area of responsibility.

Our Vision

Recognized as a leading safety authority – a Saskatchewan service provider, inspiring and shaping excellence in public safety.

Our Mission

In collaboration with owners, operators and industry, we provide professional safety, educational and regulatory services that instill a high level of confidence in our public safety system

Our Values

SAFETY IS PARAMOUNT - We practice uncompromised safety in and through the services we deliver.

INTEGRITY - We are open, honest, ethical and transparent in our conduct.

ACCOUNTABILITY - We are committed to responsible, consistent and dependable actions.

TEAMWORK - We believe in the strength of collaborative efforts.

RESPECT - We treat colleagues, clients and stakeholders with respect.

RECOGNITION - We value and acknowledge the work, ideas, initiatives and contributions of our colleagues and clients.

PROFESSIONAL SERVICE - We add value to our clients through excellence in everything we do.

CONTINUOUS LEARNING - We invest in our employees' learning, growth and transfer of knowledge to support continuous improvement.

Report on Performance

The Technical Safety Authority of Saskatchewan provides numerous professional programs and services which help ensure the operation of pressure equipment, elevating devices, and amusement rides are in accordance with established safety standards set out in legislation and regulations.

Inventories of Regulated Equipment

Saskatchewan continues to experience growth in the inventory levels of equipment regulated by TSASK. In 2010-11 there was an overall growth of 3% in the licensed pressure equipment inventory (including 1,552 additional pieces of pressure equipment) and 5% in the licensed elevating device inventory (including 130 additional elevating devices). There have also been 1,500 additional pieces of pressure equipment and 39 additional elevating devices installed in 2010-11 which had replaced existing inventory items. Amusement ride inventory levels remained stagnant from 2009-10.

It is anticipated that equipment inventories in 2011-12 will increase at a rate well beyond that experienced in 2010-11.

Professional Services Provided

In 2010-11, TSASK has provided levels of professional services commensurate to the needs of industry and to levels required for an effective and efficient safety program. TSASK performed 9,832 pressure equipment inspections, 2,434 elevating device inspections and 276 amusement ride inspections which resulted in a total of 5,361 corrective actions identified.

TSASK will continue to provide professional services at levels required by industry in order to maintain effective and efficient safety program delivery.

Accidents and Incidents

TSASK is happy to report that there were no fatalities, serious injuries, or significant property damage associated with the failure of equipment regulated. In total there were eight minor incidents reported to TSASK during the 2010-11 program year (five elevating device, two pressure equipment, and one amusement ride).

TSASK is also happy to report that program personnel have also experienced a safe year with no lost-time incidents occurring over the last 50,000 man-hours.

Appeals

One of the many new initiatives contained within the *Boiler and Pressure Vessel Act 1999* was the recognition of the Boiler and Pressure Vessel Safety Board which was established to hear appeals against the decision of the Chief Inspector in matters related to the cancellation or suspension of a license, the refusal to register or a deregistration of a design, and the cancellation or suspension of an inspection certificate, a certificate of authorization, or a certificate of qualification.

There were no appeals received by the Boiler and Pressure Vessel Safety Board in 2010-11. The lack of appeals received is due to the concentrated effort to ensure that all program decisions are made in accordance with the legislation, regulations, and published policies and procedures.

Status of Acts, Regulations, and Prosecutions

Although TSASK operates at arm's-length from the provincial government, the Ministry of Corrections, Public Safety and Policing continues to be responsible for the establishment of public policy, maintaining and amending associated Acts and Regulations, and administering legal sanctions and penalties as described within the legislation.

TSASK will be taking an active role in the development of recommendations for legislative and regulatory amendment in all three assigned technologies and will be seeking the input of industry and stakeholders during this process.

Quality Management Systems (QMS)

A Quality Management System of inspections provides a pressure equipment owner or insurer with the opportunity to establish a documented inspection program and employ qualified inspection personnel to perform recognized periodic inspections on equipment they own or insure.

TSASK has continued to educate industry on the benefits of developing such a program and currently has six companies and 14.3 per cent of its licensed provincial inventory operating under Quality Management Systems.

Fees Amendments

As an independent agency, we are implementing a full cost recovery fee assessment program, whereby those that benefit from the operation of equipment are those that fund the mandated safety programs. To meet the level of service expected by industry, we will be implementing measures to ensure success.

The current fees tables contained within existing regulations have not been amended or enhanced since 2008. TSASK has taken existing fees structures and compared several key fee setting principles against them in order to determine the need for amendment. It is anticipated that revised fees tables will be introduced in 2011-12.

Public Education and Information Sessions

As a means to identify and manage the expectations of those that have an interest in our public safety system, TSASK has commenced the development and delivery of public education and information sessions. In June 2011, an educational tutorial on Quality Control programs for the mechanical refrigeration industry was presented to a significant number of mechanical contractors. TSASK will continue to develop other public training and information sessions as needed.

Participation in the Standard Development Process and Liaison with Industry and Other Regulators

TSASK continues to contribute to and participate in national and international standards development. As the recognized members of the Canadian Standards Association (CSA), the National Board of Boiler and Pressure Vessel Inspectors (NBBI) and American Society of Mechanical Engineers (ASME), TSASK personnel continue to participate on the following technical committees related to codes and standards adopted under provincial legislation:

- CSA B51 – Boiler, Pressure Vessel and Pressure Piping Code
- CSA B52 – Mechanical Refrigeration Code
- CSA B44 – Elevating Devices
- Association of Chief Boiler and Pressure Vessel Inspectors (ACI)
- Association of Provincial Chief Elevator Inspectors (APCEI)
- Standardization of Power Engineers Examinations Committee (SOPEEC)

TSASK is also committed to ensure that it maintains effective liaison with other regulators and industry by attending and participating in the following associations and committees:

- Upstream Chief Inspectors Association (UCIA)
- International Pressure Equipment Integrity Association (IPEIA)
- National Public Safety Advisory Committee (NPSAC)
- Saskatchewan Power Engineers Technology Program Advisory Committee

Governance - Board of Directors

The Board of Directors is responsible for stewardship, including oversight of the organization and taking a leadership role in the development of the organization's strategic direction. The Board is comprised of 8 members, maintaining a balance of Board members who are industry experts and Board members with successful business backgrounds outside the industry.

Michael Dumelie is a partner in Oxford Libero Consulting, a company he established in 2009. Previously a Senior Vice President of Business Solutions and a Director of Information Technology for CUETS/Bank of America from 2001 to 2008, a Director of Information Management at Saskatchewan Environment and Resource Management from 1998 to 2001, and from 1994 to 1998 Director of Information and Finance and Administration for Saskatchewan Health.

Dumelie served on the Mayor's Economic Development Committee in Regina. He has been involved with the Certified Management Accountants organization at the local, provincial and national level, and is active in coaching local and high-performing hockey teams. He lives in Regina.

Fred Gill, Vice-Chair, was President and CEO of Saskferco from 2000 to 2010. From 1990 to 2000 he was Vice President of Manufacturing for the same company. Before that Gill served as Operations Manager for Arcadia Corporation at various plants, from 1976 to 1990.

Gill has served as Chair of the Safety Committee of the Canadian Fertilizer Institute, Chair of the Institute, and was a member of the Mosaic Operating Committee. He lives in Buena Vista.

Ted Hillstead, Chair Audit Committee, is currently a Senior Partner with Dillon Hillstead Melanson C.G.A. Professional Corporation and Cogent Business Consulting, a position he has held since 1994. He was Dean of Operations for Southwest Regional College from 1990 to 1997, and Coordinator for US Financial Accounting at Evraz Inc., from 1985 to 1990.

Hillstead served as President of the Saskatchewan Chamber of Commerce from 2000 to 2005. He has been a Director of the Weyburn Cooperative Association for the past 11 years, and is currently the 1st Vice President and Chair of the Audit Committee for CAA Saskatchewan. He lives in Weyburn.

Peter Hoffmann, Member Audit Committee, was director of corporate development for the Saskatchewan Public Employees Benefits Agency from 2003 until 2008. Previous to that he served in senior positions with the Saskatchewan Housing Corporation, including as President and CEO of SHC from 1999 to 2001. He began his career with Saskatchewan Government Insurance in 1974.

In recent years Hoffmann has served as Vice Chair of the Campion College Board of Regents and on the Board of Ranch Ehrlo Community Services Inc. He lives in Regina.

Keith Laxdal has served as chairperson of the Automobile Injury Appeal Commission since December 2009. Previously an Associate Deputy Minister, Finance and Administration Division for Saskatchewan Justice from 1990 to 2008, Associate Deputy Minister, Saskatchewan Finance from 1987 to 1990 and Deputy Minister, Saskatchewan Revenue and Financial Services from 1984 to 1987. Laxdal began his career with the Budget Bureau in Saskatchewan Finance in 1967.

Laxdal's community involvement includes 17 years as a member of the Board of the Credit Union Deposit Guarantee Corporation, as well as serving on the Saskatchewan Film Classification Board and the South Saskatchewan Hospital Board. Laxdal resides in Regina.

Shara McCormick is the Director of Human Resources at SaskTel responsible for Strategic Human Resource Planning, Staffing and Development. McCormick has a diverse corporate background having worked in various management roles at SaskTel including; Director of Training, Development & Performance Management, HR Solutions Manager and Marketing Manager. Through her work at SaskTel, she sits on several steering committees including the Corporate Directors Council, the Customer Champion Council and the Management Bargaining Committee. Shara has also been a Sessional Lecturer at the University of Regina. She resides in Regina.

Bob Schutzman, Chair, is the Director of Environmental Affairs and Trade for Canada for Evraz Inc. NA Canada, a Canada-wide, multi-plant management role he has filled since 1998. Previously Schutzman held various positions with IPSCO Inc., was a regulator in the Water Quality Branch of Saskatchewan Environment and Public Safety from 1985 to 1990, an environmental engineer for the Potash Corporation of Saskatchewan from 1980 to 1985, and held various engineering positions back to 1970.

Schutzman has been involved in a number of community and professional boards focused on environmental issues. He was a Founding Director and past Chair of the Saskatchewan Environmental Industry and Managers Association. He resides in Regina.

Bob Watt recently retired as a partner with Deloitte and Touche. During his career he managed the delivery of client services to a number of major companies in Saskatchewan and nationally. Bob brings a strong background in client service, as well as broad experience in management and corporate leadership.

A leader in community organizations in health and education, Bob also holds board positions with the Law Foundation of Saskatchewan and is the Chair of the Audit Committee of the Western Surety Board. He holds an Honours Business Administration degree from the Richard Ivey School of Business, University of Western Ontario, and earned his Chartered Accountant designation in both Ontario and Saskatchewan, becoming a Fellow Chartered Accountant in 1997. Bob resides in Regina.

Financial Statements
Technical Safety Authority of Saskatchewan
For the year ended June 30, 2011

Management's Responsibility for the Financial Statements

To the Board of Directors:

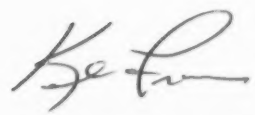
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of Technical Safety Authority of Saskatchewan ("TSASK"). The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval of the financial statements to the Board. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Authority's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

September 7, 2011



Chief Executive Officer

Independent Auditors' Report

To the Directors of Technical Safety Authority of Saskatchewan:

We have audited the accompanying financial statements of Technical Safety Authority of Saskatchewan ("TSASK"), which comprise the statement of financial position as at June 30, 2011, and the statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TSASK as at June 30, 2011 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

This is the first year of operations for TSASK, and as such, TSASK has early adopted Canadian accounting standards for not-for-profit organizations (part III of the CICA Handbook). Our audit opinion is not modified in respect of the matter emphasized.

MNP LLP

Chartered Accountants

Regina, Saskatchewan
September 7, 2011

Technical Safety Authority of Saskatchewan
Statement of Financial Position
As at June 30, 2011

		2011
Assets		
Current assets		
Cash	$	2,288,051
Accounts receivable		128,933
Other receivables		14,013
Prepaid expenses		2,759
		2,433,756
Capital assets (Note 3)		69,965
	$	2,503,721
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)		346,138
Deferred revenue (Note 6)		1,556,480
Deferred contributions related to capital assets (Note 5)		69,965
		1,972,583
Net assets		
Unrestricted		531,138
	$	2,503,721

Commitments (Note 7)

See accompanying notes to the financial statements.

Approved by the Board:

Director **Director**

Technical Safety Authority of Saskatchewan
Statement of Operations and Changes in Net Assets
For the year ended June 30, 2011

		2011
REVENUES		
Boiler and pressure vessel safety	$	4,327,581
Elevator safety		644,716
Amusement ride safety		30,617
Deferred contributions related to capital assets		69,966
Other		6,349
Funding from Ministry of Corrections, Public Safety and Policing		1,156,875
		6,236,104
EXPENSES		
Salaries and benefits		3,936,020
Professional consulting services		430,060
Rent, space and equipment		584,293
Travel		316,254
Supplies and services		118,443
Board and committees		68,995
Telecommunications		50,287
Postage, courier and freight		34,074
Other business expenses		51,525
Interest and finance charges		45,049
Amortization		69,966
		5,704,966
EXCESS OF REVENUE OVER EXPENSES		**531,138**
Net Assets, beginning of year		-
NET ASSETS, END OF YEAR	**$**	**531,138**

See accompanying notes to the financial statments

Technical Safety Authority of Saskatchewan
Statement of Cash Flows
For the year ended June 30, 2011

		2011
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenues over expenses		$ 531,138
Items not affecting cash		
Amortization		69,966
Deferred contribution related to capital assets		(69,966)
Net change in non-cash working capital		
Accounts receivable	(128,933)	
Other receivables	(14,013)	
Prepaid expenses	(2,759)	
Accounts payable & accrued liabilities	238,936	
Deferred revenue	(1,138,660)	(1,045,429)
FINANCING ACTIVITIES		
Cash transferred in		2,802,342
INCREASE IN CASH		2,288,051
CASH, BEGINNING OF THE YEAR		-
CASH, END OF THE YEAR		$ 2,288,051

See accompanying notes to the financial statements.

1. Business Description

The Technical Safety Authority of Saskatchewan (TSASK or the Authority) is a not-for-profit organization which was established effective July 1, 2010 through the passing of *The Technical Safety Authority of Saskatchewan Act*. TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing, with a mandate of delivering safety programs related to pressure equipment, elevating devices and amusement rides. TSASK was established in response to rapid technological change, industrial and economic growth in the province, and the industry's need for more timely inspection services.

TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to the sectors involved in the manufacturing, installing and operating potentially hazardous equipment. TSASK administers and enforces the provisions of the following legislation:

- *The Boiler and Pressure Vessel Act*
- *The Passenger and Freight Elevator Act*
- *The Amusement Ride Safety Act*

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(a) Revenue Recognition

TSASK follows the deferral method of accounting for grant contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

Revenue received by TSASK in advance of the actual performance of services is deferred and is recorded as unearned revenue. Boiler and pressure vessel safety, elevator safety and amusement ride safety revenue is recognized in the period to which the revenue relates. Unearned fees are recorded as deferred revenue and recognized as earned.

Other revenue is recorded when earned and is recorded on the accrual basis.

(b) Cash

Cash is comprised of balances with the bank and is recognized at their fair value.

(c) Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives. Amortization expense is calculated using the straight-line method at the following annual rates:

Office Furniture	50%

(d) Deferred Contribution Related to Capital Assets

Deferred contributions related to capital assets are restricted contributions for the purpose of acquiring capital assets. These contributions are deferred and recognized as revenue on the same basis as the related capital assets are amortized.

(e) Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Accounts receivable are stated after evaluation as to the collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. A mortization is based on the estimated useful lives of the asset.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(f) Income Taxes

TSASK is incorporated as a not-for-profit organization and is exempt from income taxes.

(g) Financial Instruments

TSASK recognizes its financial instruments when TSASK becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. TSASK financial instruments consist of cash, accounts receivable, other receivables, and accounts payable and accrued liabilities. TSASK subsequently measures financial instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net earnings.

(h) Accounting Standards for Not-for-Profit Organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III comprises:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted.

As this is the first year of operations, TSASK has early adopted Part III of the Handbook as its new financial reporting standard.

3. Capital Assets

	2011		
	Cost	Accumulated Amortization	Net Book Value
Office furniture	**139,931**	**69,966**	**69,965**

Capital assets consist of furniture and equipment transferred from the Government of Saskatchewan, Ministry of Corrections, Public Safety and Policing. The assets have been recognized at cost and amortized on a s traight line basis over their estimated useful life of two years.

4. Accounts Payable and Accrued Liabilities

	2011
Trade payables	**18,022**
Accrued liabilities	**292,943**
Goods and services tax payable	**35,173**
	346,138

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized amount of contributions for office furniture. C ontributions will be recognized on the same basis as the related capital assets are amortized.

	2011
Deferred contributions, beginning of year	-
Contribution received upon inception	**139,931**
Recognized as revenue during the year	**(69,966)**
Deferred contributions, end of year	**69,965**

6. Deferred Revenue

	2011
Deferred elevator	**242,470**
Deferred 5 year license	**244,483**
Deferred 2 year license	**201,133**
Deferred 1 year license	**4,603**
Deferred certificate licensing	**452,777**
Deferred – boiler and pressure vessel licensing	**411,014**
	1,556,480

7. Commitments

TSASK has entered into leases for office premises in Regina and Saskatoon. The future minimum lease payments are as follows:

2012	$247,170
2013	233,745
2014	229,245
2015	229,245
2016	178,866
Thereafter	387,543

8. Pension Plan

TSASK participates in the Public Employees Pension Plan, a defined contribution pension plan. TSASK's obligations to the Plan are limited to 7% of earnings for all employees for current services. During the year, TSASK contributed $208,625 to the plan, which is recorded as an expense.

9. Financial Instruments

(a) Fair Value

TSASK financial instruments consist of cash, accounts receivable, other receivables, and accounts payable and accrued liabilities. The carrying amount of the TSASK's financial instruments approximates their fair value, due to their relatively short-term maturities.

(b) Credit Risk

TSASK is exposed to credit risk in accounts receivable in the event that a customer fails to honor its obligations. Credit risk is managed with regular credit assessments and active collection activity. In the event that an account is deemed uncollectible, the account will be written off as a bad debt.

(c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. TSASK has no significant exposure to interest rate risk

10. Transfer of Assets and Liabilities upon Inception

Upon incorporation, the Ministry of Correction, Public Safety, and Policing, transferred to TSASK, at their carrying value, the following assets and liabilities:

Cash	2,802,342
Vacation leave accrual	107,202
Deferred revenue	2,695,140

The Ministry provided a cash operating grant to TSASK in the amount of $1,156,875. In addition, the Ministry transferred office furniture with a carrying value of $139,931 to TSASK. TSASK recorded the office furniture as an asset at the exchange amount, with a corresponding deferred capital grant at the amount of $139,931. TSASK recognizes the deferred capital grant as revenue, on the same basis as the related capital assets are amortized.

11. Safety Standards Agreement

TSASK entered into an agreement with the Government of Saskatchewan dated June 30, 2010 for the administration of regulated work defined as The Amusement Ride Safety Act, The Boiler Pressure Vessel Act, 1999 and the Passenger and Freight Elevator Act. The Technical Safety Authority of Saskatchewan Act requires two members of the Board to be appointed by the Lieutenant Governor in Council.

TSASK has routine operating transactions with the Government of Saskatchewan which are recorded at the rates charged by the Government of Saskatchewan and are settled on normal trade terms. Included in expenses are transactions with the Government of Saskatchewan amounting to $659,538 of which $33,432 was payable at June 30, 2011.